



Sustainable Biofuel Obligation Bill

182—1

Report of the Environment Committee

April 2023

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Sustainable Biofuel Obligation Bill

Recommendation

The Environment Committee has examined the Sustainable Biofuel Obligation Bill and recommends that this bill not proceed.

Overview of the bill

Transport contributes to over 21 percent of New Zealand's domestic greenhouse gas emissions. The emissions from transport are made up mostly of carbon dioxide. Transport generates about 47 percent of New Zealand's domestic carbon dioxide emissions.

Biofuels are fuels made from biomass, such as plants and organic waste. Biofuels can be blended with petrol and diesel and can be used in vehicles with internal combustion engines. At present, the use of biofuels in New Zealand is very low.

Biofuels can help to reduce emissions by recycling carbon dioxide. When a plant grows, it absorbs carbon dioxide. If the plant is made into a biofuel, roughly the same amount of carbon dioxide will be released into the atmosphere when the biofuel is burned. If a replacement plant is grown, it can recapture the carbon dioxide emitted. This is a short-term cycle of carbon, compared with the ancient carbon released through the burning of fossil fuels.¹

The Sustainable Biofuel Obligation Bill is a Government bill. It would create an obligation on people and companies importing liquid fossil fuels for transport (or refining them in New Zealand). The bill would exclude fuels imported for use in aviation. The obligation would require the person or company to reduce the intensity of greenhouse gas emissions for those liquid fossil fuels by also supplying sustainable biofuels.

Minister informed us the bill will be discontinued

On 9 February 2023, we received a letter from the Minister of Energy and Resources. The Minister noted that on 8 February 2023, the Prime Minister announced that work on the biofuels mandate would be discontinued as part of a policy refocus by the Government. The Minister explained the reasoning as follows:

The cost-of-living crisis means that we need to have a persistent focus on everything that will affect the cost of living for New Zealanders. The estimated cost of the Obligation to consumers will be about 4 cents per litre of fuel and could be up to 10 cents per litre in its first year.

Collectively, this is a significant cost burden at a time when we can least afford it. Therefore, to provide certainty to consumers, industry, and the fuel sector, I

¹ For more information about biofuels, see: Ministry of Business Innovation and Employment (Initial briefing).

propose ceasing work on the Obligation and withdrawing the Bill from the House.

The Minister asked that we report back to the House on the bill at our earliest convenience. The Minister noted the Government's intention to withdraw the bill.

Our response

We received submissions from 72 individuals and organisations. These submissions are available on the Parliament website. We thank submitters for their informative submissions to us. They canvassed a wide variety of perspectives about the biofuel obligation proposed in the bill, and the issue more broadly.

We had hoped that advisers would be able to provide a written analysis of submissions to summarise the feedback received for this bill. Some of us were disappointed that we did not receive support from officials after the Government's announcement that it intended to withdraw the bill. Given that we had conducted a full submissions process before the announcement, we would have liked to be able to report back to the House with a summary of the written and oral submissions we received.

Although work on the bill has ceased, we hope that the information received during the submissions process for this bill will inform any future policy or legislation on this subject, should it be pursued again in the future.

We note the Government's intention to withdraw the bill. Therefore, we recommend that the bill not proceed.

Appendix A

Committee procedure

The Sustainable Biofuel Obligation Bill was referred to the committee on 15 November 2022. The closing date for submissions was 12 January 2023. We received and considered submissions from 72 interested groups and individuals. We heard oral evidence from 14 submitters at hearings in Wellington and via videoconference.

We received initial advice on the bill from the Ministry of Business, Innovation and Employment. The Regulations Review Committee reported to the committee on the powers contained in clauses 13 and 41.

Committee members

Hon Eugenie Sage (Chairperson)
Hon Rachel Brooking
Tāmati Coffey
Simon Court
Anahila Kanongata'a (until 8 February 2023)
Barbara Kuriger (from 8 February 2023)
Hon Scott Simpson
Hon Aupito William Sio (from 8 February 2023)
Stuart Smith (until 8 February 2023)
Lemauga Lydia Sosene
Angie Warren-Clark

Advice and evidence received

The documents that we received as advice and evidence are available on the Parliament website: [Sustainable Biofuel Obligation Bill](#).

Recordings of the oral submissions we heard are available online: [1 February 2023 \(part 1\)](#), [1 February 2023 \(part 2\)](#), [1 February 2023 \(part 3\)](#), and [8 February 2023](#).

Appendix B

List of submitters

- 350 Aotearoa
- alexsio nau
- Arafelle Oné
- Bioenergy Association Of New Zealand inc
- bp
- Brenda La Grotteria
- BusinessNZ Energy Council
- Carol and Terry Delaney
- Catherine Breeze
- Caz Sheldon
- Channel Infrastructure New Zealand
- Claire Insley
- Claudia Williams
- Climate Justice Taranaki Inc.
- David Hodges
- Don't Burn Our Future, a campaign of Low Carbon Kapiti Inc.
- Dr Trevor Daya-Winterbottom
- Energy Resources Aotearoa
- Environment and Conservation Organisations of NZ
- Frederik Federspiel
- Frida Inta
- Gull New Zealand Limited
- Hort NZ
- Ian Swney
- Iva Lo
- Jamie Ryan
- Jason Brooke
- Jennifer Valentine
- Julie Rose
- Katherine Lawrence
- Katia De Lu
- KiwiRail
- Lacey Levitt
- Linda Hill
- Maire Leadbeater
- Malcolm Harbrow
- Marion Kraus
- Matthew Baird
- Methanex
- Mike Currie
- Mike Stewart-Jacks
- Miro Hall-Jones
- Mobil Oil New Zealand Limited
- Montagu Walsh
- Motor Industry Association
- National Council of Women of New Zealand
- Neste
- Nurses Society of New Zealand
- Oliver Krollmann
- Oxfam Aotearoa
- Paul Broady
- Paul Callister
- Paul Nieman
- Per Svenson
- Peter Fuller
- Robert McLachlan
- Roy Mason
- Sam Russell
- Samantha Higgs
- Scott Beck
- Seth Veale
- Stephan Heubeck
- The Motor Trade Association
- The Vegan Society Aotearoa
- Tina Wallace
- Tuhi-Ao Bailey
- U.S. Grains Council
- United States Government
- Vegan FTA
- Vic Bostock
- VUW Climate Clinic
- Z Energy Limited (Z)